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10/625,001	07/22/2003	Gary William Flake	5598/68	8178

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EXAMINER	
BORLINGHAUS, JASON M	
ART UNIT	**PAPER NUMBER**
3693	

SHORTENED STATUTORY PERIOD OF RESPONSE	MAIL DATE	DELIVERY MODE
3 MONTHS	01/12/2007	PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

If NO period for reply is specified above, the maximum statutory period will apply and will expire 6 MONTHS from the mailing date of this communication.

Office Action Summary	Application No.	Applicant(s)	
	10/625,001	FLAKE ET AL.	
	Examiner	Art Unit	
	Jason M. Borlinghaus	3693	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *18 September 2006*.

2a)☒ This action is **FINAL**. 2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1,6 and 8-18* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1,6 and 8-18* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☐ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____.
5) ☐ Notice of Informal Patent Application
6) ☐ Other: _____.

DETAILED ACTION

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

The factual inquiries set forth in *Graham* **v.** *John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

Claims 1, 6 and 8 – 18 are rejected under 35 U.S.C. 103(a) as being unpatentable over Chan (Chan, N.T., Dahan, E., Lo, A.W. and Poggio, T. *Experimental Markets for Product Concepts.* Center for eBusiness @MIT. Paper 149, July 2001) in view of Davis (US Patent 6,269,361) and McAlpine (McAlpine, Rachel. *Web Word Wizardry. Ten Speed Press.* 2001. pp. 140 – 148).

Regarding Claim 1, Chan discloses a computerized system (virtual stock market) for allowing transactions in an instrument (virtual securities), the instrument being associated with one or more concepts (each associated with an underlying product or concept), a method for determining a payoff ("maximize the value of the portfolio" allowing traders to "profit from trading and bear the risk of losing money", and

have "prizes...awarded according to individuals' performance.") (see p. 1, line 18 – p. 2, line 8). the method comprising:

- determining a value of the one or more concepts based at least in part on a demand for at least one concept ("the prices of the stocks are determined by demand and supply in the market." – see p. 2, lines 3 – 4);
- determining a value of the one or more concepts at a first time (As Chan discloses the determination of profit or loss based upon the instrument's value, the instrument's value at a first time must be determined to calculate the change. Furthermore, as the instrument's value is tied to the value of the "underlying product or service" the value of the underlying concept must be determined at a first time. see p. 1, line 18 – p. 2, line 8); and
- determining the payoff based on a value determined for the instrument at a time of payoff or based on a value determined for the concept at the time of payoff, wherein the time of payoff chronologically follows the first time. (As Chan discloses the determination of profit or loss based upon the instrument's value, the instrument's value at a second time must be determined to calculate the change. Furthermore, as the instrument's value is tied to the value of the "underlying product or service" the value of the underlying concept must be determined at a second time. see p. 1, line 18 – p. 2, line 8).

Chan does not teach underlined limitations – a computerized system for allowing transactions in an instrument, the instrument being associated with one or more term-

based concepts, a method for determining a payoff on the instrument, the method comprising:

- determining a set of terms for a term-based concept, each of the terms being usable in a computerized search to locate information;
- determining a value of the term-based concept based at least in part on a demand for at least one term from the set of terms during one or more computerized searches related to the at least one term;
- determining a value of the instrument based at least in part on the value of the term-based concept at a first time; and
- determining the payoff based on the instrument on a value determined for the instrument at a time of payoff or based on a value determined for the term-based concept at the time of payoff, wherein the time of payoff chronologically follows the first time.

Utilization of term-based concepts, such as keywords, each term being usable in a computerized search to locate information and the determination of a value for said term-based concept is old and well known in the art of information technology, as evidenced by Davis (see abstract and col. 12, lines 40 - 55). Furthermore, Davis discloses a metric utilized in determining the value of said term-based concept is based in part on "[f]or a particular search term, an estimated number of searches per day is determined." (see col. 20, line 65 – col. 21, line 25).

Utilization of a set of terms for a term-based concept, such as keywords grouped via meta tag, each term, such as a keyword, being usable in a computerized search to

locate information is old and well known in the art of information technology, as evidenced by by McAlpine (see pp. 140 – 148).

It would have been obvious to one of ordinary skill at the time the invention was made to have modified Chan by incorporating a keyword, as disclosed by Davis, as the "underlying product or concept," as disclosed by Chan, as such keyword has value and can be utilized in a computerized search, as disclosed by Davis, allowing for the trading of instruments based upon term-based concepts, another product with an already established value within the marketplace.

It would have been obvious to one of ordinary skill at the time the invention was made to have modified Chan and Davis by incorporating a set of keywords for a term-based concept, as disclosed by Alpine, in addition to a solitary keyword as utilization of sets of terms related to a term-based concept in computerized searches are already a standard and conventional alternative in the art of information technology.

Regarding Claim 6, Chan discloses a method comprising:

- using a futures-based payoff technique in determining the payoff. ("real-money futures markets in which contract payoffs depend on the outcome of future political and economic events." – see p. 4, lines 1 - 3).

Regarding Claim 8, Chan discloses a method comprising:

- denominating the payoff in at least one of real currency ("real money"). (see p. 1, lines 24 – 25);
- fake currency, game currency, coupons, discounts, certificates, or rights. ("If fictitious money is used, prizes can be awarded according to

individual's performance." – see p. 2, lines 1 - 2 – while Chan does not explicitly state "fake currency, game currency, coupons, discounts, certificates, and rights" it would have been obvious to that Chan could award any type of prize that he desired).

Regarding Claim 9, Chan discloses a method comprising:

- determining the payoff based upon instrument value. ("The objective of the market game is to maximize the value of the portfolio, evaluated at the market closing price. If participants play with real money, they will have the opportunity to profit from trading..." – see p. 1, lines 23 - 24).

Chan does not teach underlined limitation - a method comprising:

- determining the payoff in rights relating to advertising.

Davis discloses:

- the value of concept is based upon rights related to advertising ("higher likelihood of a referral to advertiser's web site"). (see col. 4, lines 2 – 6).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Chan, Davis and McAlpine by incorporating a payoff in rights to advertising, as was illustrated by Davis, since the value of the concepts underlying the traded instruments of the marketplace are already tied to rights to advertising.

Regarding Claim 10, Chan discloses a method comprising:

- determining the payoff based upon instrument value. ("The objective of the market game is to maximize the value of the portfolio, evaluated at the

market closing price. If participants play with real money, they will have the opportunity to profit from trading..." – see p. 1, lines 23 - 24).

Chan does not teach underlined limitation - a method comprising:

- determining the payoff in <u>at least one of rights to clicks or rights to impressions.</u>

Davis discloses:

- the value of the concept is based upon the rights to clicks ("search result list" "click-through") or rights to impressions (appearance on "search result list"). (see col. 3, line 62 – col. 4, line 2).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Chan, Davis and McAlpine by incorporating a payoff in rights to clicks and rights to impressions, as was illustrated by Davis, since the value of the concepts underlying the traded instruments of the marketplace are already tied to rights to clicks and rights to impressions.

Regarding Claim 11, Chan discloses a method comprising:

- using the instrument at least one of a speculating tool, a forecasting tool or a data generation tool. ("Different non-financial markets have been established for opinion polling, forecasts and predictions." – see p. 3, line 21).

Regarding Claim 12, Chan discloses a method wherein:

- an entity ("virtual stock market") that at least in part facilitates allowing of transactions ("trading") capable of being valued (determining "profit" or

loss) based on values of the one or more concepts ("underlying product or service" of an instrument which has value). (supra).

Chan does not teach a underlined limitations – a method wherein:

- an entity that at least in part facilitates allowing of transactions being capable of being valued based on values of the one or more term-based concepts also at least in part facilitates Pay-per-click auctions for rights associated with the one or more term-based concepts, and comprising the entity deriving revenue from at least one of transaction fees, listing fees, institutional participation fees, institutional participation fees, data sale or publicity.

Davis discloses a method wherein:

- an entity ("Internet search engine") also at least in part facilitates Pay-per-click auctions for rights associated with the one or more term-based concepts (keywords), and comprising the entity ("Internet search engine") deriving revenue from listing fees ("bid...for positions on a search result list"). (see col. 3, line 62 – 65).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Chan, Davis and McAlpine by incorporating an entity which facilitates Pay-per-click auctions for concepts and derives revenue from the same, as disclosed by Davis, to also facilitate transactions in instruments based upon the same concepts, as that entity ultimately provides the concept with its value based

upon its use in its search result list and manages transactions in the product underlying the instrument.

Regarding Claim 13, further system claim would have been obvious from method claim, Claim 1, rejected above and is therefore rejected using the same art and rationale.

Regarding Claims 14 – 15, Chan discloses a method wherein:

- a portfolio comprises a plurality of instruments (based upon "underlying products or concepts). (see p. 1, lines 21 – 22).

Chan does not teach underlined limitations - a method wherein:

- the one or more term-based concepts comprise a plurality of terms related to a theme; and
- the one or more term-based concepts comprise a plurality of unrelated term-based concepts.

Davis discloses a method wherein:

- the one or more term-based concepts ("search term") comprise a plurality of terms ("keywords") related to a theme ("relevant to content of advertiser's website"). (see col. 12, lines 40 – 44).

McAlpine discloses a method wherein:

- the one or more term-based concepts ("meta keyword tag") comprise a plurality of unrelated term-based concepts ("ontario...credit cards...cut flowers"). (see p. 145)

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Chan, Davis and McAlpine by incorporating the ability for the concepts to comprises a plurality of related, as disclosed by Davis, or unrelated, as disclosed by McAlpine, terms and/or concepts, as holders of instruments may desire a targeted portfolio of related instruments, like a sector fund, or a diversified portfolio of unrelated concepts, like an index fund, as disclosed by McAlpine.

Regarding Claims 16 – 17, further system claims would have been obvious from method claims rejected above, Claims 1 and 14 - 15, in combination, and are therefore rejected using the same art and rationale.

As for additional and/or differing claim limitations, Examiner takes Official Notice that it is old and well known in the art of financial management that a portfolio can be comprised of multiple component instruments. As Chan discloses that participants in their "concept market" manage their own "portfolios" and seek "to maximize the value of [their] portfolio" (see p. 1, lines 18 – 24) it would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Chan, Davis and McAlpine by incorporating multiple component sets of terms, related or unrelated, into the composition of an instrument, such as a portfolio, as is standard and/or conventional in financial management for purposes of risk diversification.

Furthermore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to have performed multiple iterations concerning additional sets of terms, since it has been held that mere duplication of the essential

working parts of a device, without more, involves only routine skill in the art. St. Regis Paper Co. v. Bemis Co, 193 USPQ 8 (CA 7); In re Harza, 124 USPQ 378 (CCPA 1960).

Regarding Claim 18, Chan discloses a method comprising:

- determining the value of the instrument based at least in part on the value of the one or more concepts ("underlying product or concept). (see p. 1, line 18 – p. 2, line 8.).

Chan does not teach underlined limitation – a method comprising:

- determining the value of the instrument based at least in part on an advertising value of one or more concepts.

Davis discloses a method comprising:

- determining the value of a concept at least in part on an advertising value of one or more concepts (as the advertiser is bidding upon concept on the basis of its advertising value. see col. 12, lines 40 – 44).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Chan, Davis and McAlpine by incorporating a valuation of the instrument on the basis of the advertising value of the concepts, as the instrument has value on the basis of the underlying concept, as disclosed by Chan, and the concept has value on the basis of the advertising value of the concept, as disclosed by Davis, allowing the value of the instrument to be tied to the advertising value of the underlying concept.

Response to Arguments

Applicant's arguments filed 9/18/06 have been fully considered but they are not persuasive.

As amendments of claims do not place claims in condition for allowance, applicant's request for rejoinder is respectfully denied.

Conclusion

Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Jason M. Borlinghaus whose telephone number is (571) 272-6924. The examiner can normally be reached on 8:30am-5:00pm M-F.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Kramer can be reached on (571) 272-6783. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

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